



Atlantic Canada
Opportunities
Agency

Agence de
promotion économique
du Canada atlantique

2008-2009 Estimates

Performance Report



Minister's Message

As Minister of the Atlantic Canada Opportunities Agency (ACOA), I have witnessed first-hand the Agency's outstanding delivery on its mandate to support and strengthen the Atlantic Canadian economy.

I am proud of ACOA's many successes and of the contributions the Agency is making to the Atlantic region. I am especially proud that the Agency's policies and programs are helping Atlantic Canadian businesses and communities to negotiate the challenges brought on by the current global economic situation.

As demonstrated in this report, ACOA is helping to drive innovation in the region; it is also helping businesses to expand their operations, hone their business skills, and enter into and expand exporting activity. This makes them more productive and competitive than ever. It is clear that ACOA continues to deliver on its commitment to ensuring the long-term success and prosperity of Atlantic Canadians.

ACOA is playing a central role in advancing the Atlantic Gateway initiative, working with key partners to evaluate and prioritize projects that will capitalize on Atlantic Canada's potential as a reliable, safe and efficient international trade gateway to North America. The Agency is working with public and private stakeholders to develop a cohesive regional approach that will help to capture the Atlantic Gateway's significant economic potential.

Our government recognizes the valuable role ACOA plays in building a modern, competitive and productive Atlantic Canadian economy. This is why we announced, in Canada's Economic Action Plan, that the Agency would deliver the Atlantic components of the \$1-billion Community Adjustment Fund and the \$500-million Recreational Infrastructure Canada program, which are designed to help create jobs and support communities during the current economic downturn. Results from these two new initiatives will be reported in the Agency's Departmental Performance Report next year.

Through these initiatives, and others like them, our government is providing unprecedented assistance to individuals, businesses and communities affected by the current economic situation. We are also working to lay the foundation for future economic growth. ACOA is key to helping deliver on these commitments in Atlantic Canada.



The Honourable Peter G. MacKay
Minister of National Defence and
Minister for the Atlantic Gateway

Minister of State's Message

As Minister of State for the Atlantic Canada Opportunities Agency, I am pleased to present the Agency's Departmental Performance Report for 2008-2009.

I am proud that ACOA is continuing to play such a strong role in helping to grow Atlantic Canada's economy. In fact, between 2003 and 2008, every dollar the Agency spent in direct support of business resulted in over \$7 in GDP gains.

ACOA's core activities, Enterprise Development, Community Development, and Policy, Advocacy and Coordination are essential to its ongoing success. These initiatives enable the Agency to develop multi-faceted approaches to supporting long-term sustainable growth in Atlantic Canada.

The Agency's Enterprise Development activity helps to secure jobs and expand trade in Atlantic Canada by encouraging the region's businesses and industry to innovate, improve business skills, and market themselves on the global stage.

ACOA recognizes that the Atlantic economy is diverse, and that its communities face their own unique challenges and opportunities. The Agency's programs and policies help to provide affected communities, especially those dependent on resources or a single industry, with the tools needed to build new economic activity.

The Agency continues to work with its partners to encourage federal initiatives that respond to the needs and opportunities of the region, and to coordinate federal policies and programs within the region in order to ensure a cohesive approach.

As underscored by the Agency's 2008-2009 Departmental Performance Report, ACOA continues to be a powerful advocate for Atlantic Canada. I am proud to lead the Agency as it supports the region through the current global economic challenges so that, as conditions improve, our people and our communities will be well positioned to compete, to innovate and to create.



The Honourable Keith Ashfield
Minister of State
(Atlantic Canada Opportunities Agency)

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Section 1: Agency Overview

Raison d'être and Responsibilities

The Atlantic Canada Opportunities Agency (ACOA) works to create opportunities for economic growth in Atlantic Canada by helping businesses become more competitive, innovative and productive, by working with communities to develop and diversify local economies, and by championing the strengths of Atlantic Canada in partnership with Atlantic Canadians. It plays an important role in developing and supporting policies and programs that strengthen Atlantic Canada's economy. This work addresses the Agency's mandate "... to increase opportunity for economic development in Atlantic Canada and, more particularly, to enhance the growth of earned incomes and employment opportunities in that region."
(Part I of the *Government Organization Act, Atlantic Canada 1987*, R.S., c G-5-7, also known as the *Atlantic Canada Opportunities Agency Act*)

Established in 1987, ACOA is the federal government department responsible for the government's economic development efforts in the provinces of New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland and Labrador.

ACOA's head office is in Moncton, New Brunswick. The Agency has 36 regional and field offices in cities and towns across the four Atlantic Provinces. These are led by regional vice-presidents located in each provincial capital, who are responsible for the delivery of ACOA programs. Through its Ottawa office, ACOA ensures that Atlantic Canada's interests are reflected in both the policies and programs developed by other departments and agencies of the federal government.

Although the Agency's policies and program tools have changed since its inception, the overall goal remains constant. ACOA helps the Atlantic region to realize its full economic potential in terms of productivity, competitiveness and growth.

With a balanced approach, this is achieved by identifying and addressing structural challenges in the economy, helping communities and businesses to overcome barriers, and finding new opportunities for growth. It is also within this context that ACOA is committed to helping the region make the transition to a more innovative, productive and competitive economy.

Strategic Outcome and PAA

The diagram below illustrates ACOA's new Program Activity Architecture (PAA). Program activities and program sub-activities are aligned to its strategic outcome of a competitive Atlantic Canadian economy. It reflects the results of policy research and analysis, periodic review of program effectiveness, ongoing dialogue with stakeholders in the region, and the priorities and directions of the Government of Canada.

ACOA's 2009-2010 PAA

Descriptions of each of ACOA's program activities can be found in Part II of the Main Estimates document on the website of the Treasury Board of Canada Secretariat at <http://www.tbs-sct.gc.ca/est-pre/20092010/me-bd/ACOA-APECA-eng.asp>.

Strategic Outcome	Program Activities	Program Sub-activities
A competitive Atlantic Canadian economy (1.0)	Enterprise Development (1.1)	Innovation (1.1.1)
		Entrepreneurship and Business Skills Development (1.1.2)
		Trade (1.1.3)
		Investment (1.1.4)
		Financing Continuum (1.1.5)
	Community Development (1.2)	Community Mobilization (1.2.1)
		Community-based Business Development (1.2.2)
		Community Investment (1.2.3)
		Infrastructure Programming (1.2.4)
	Policy, Advocacy and Coordination (1.3)	Policy (1.3.1)
		Advocacy (1.3.2)
		Coordination (1.3.3)

PAA Crosswalk

In May 2008, ACOA sought and received Treasury Board approval to amend its PAA. The new PAA provides for improved efficiency, reflects relevance, and concisely articulates the long-term and enduring benefit of the Agency's programming to Canadians. It allows for more efficient performance measurement, while maintaining the strategic focus and usefulness of the PAA in allocating and managing resources and reporting the Agency's performance.

The most significant revision is the change to one strategic outcome supported by three program activities, as compared to the 2007-2008 PAA, which identified three strategic outcomes supported by seven program activities. Further refinement of the PAA has reduced the program sub-activities by approximately half. While the scope of the Agency's activities has not changed, the new PAA provides more streamlined information to parliamentarians and Canadians on spending and results. A crosswalk to the sub-activity level may be found on ACOA's website at http://www.acoa-apeca.gc.ca/English/publications/ParliamentaryReports/Pages/PerformanceReportforthePeriodEndingMarch31_2009_other.aspx.

This performance report follows the structure of the Agency's 2009-2010 PAA.

Old PAA (2008-2009)	New PAA (2009-2010)
Strategic Outcome(s)	
<ol style="list-style-type: none"> 1. Competitive and sustainable Atlantic enterprises, with emphasis on those of small and medium size 2. Dynamic and sustainable communities for Atlantic Canada 3. Policies and programs that strengthen the Atlantic economy 	<ol style="list-style-type: none"> 1. A competitive Atlantic Canadian economy
Program Activities	
<ol style="list-style-type: none"> 1.1 Fostering the development of institutions and enterprises, with emphasis on those of small and medium size 2.1 Fostering the economic development of Atlantic communities 2.2 Special Adjustment Measures 2.3 Infrastructure Programming 3.1 Policy 3.2 Advocacy 3.3 Coordination 	<ol style="list-style-type: none"> 1.1 Enterprise Development 1.2 Community Development 1.3 Policy, Advocacy and Coordination

Summary of Performance

The following tables provide a summary of ACOA's financial resources, human resources and performance summary for 2008-2009.

Financial and Human Resources

Financial Resources (\$ millions)		
Planned Spending	Total Authorities	Actual Spending
328.2	347.5	341.4

Human Resources (Full-time Equivalents)		
Planned	Actual	Difference
757	723	34

Agency planned spending of \$328.2 million was augmented by \$19.3 million during the year, comprising \$10.7 million in transfer payments and \$8.6 million in operating costs. Actual spending of \$341.4 million included \$246.8 million in transfer payments and \$94.6 million in operating costs, resulting in a surplus of \$6.1 million, of which \$3.1 million will be available in 2009-2010 through the operating budget carry forward.

Agency utilization of human resources decreased to 723 full-time equivalents (FTEs), less than 0.5% difference from the previous year, when actual FTE utilization had been 726. Although planned utilization was 757 FTEs, changes in staffing plans and other adjustments to operational requirements resulted in lower utilization, and variances were experienced in most activities.

Performance Summary

Strategic Outcome: A competitive Atlantic Canadian economy

Performance Indicator	Five-year Target (2004-2005 to 2008-2009)	2008-2009 Performance
Increase in Atlantic GDP for every dollar of ACOA expenditure in direct support of business	\$4 to \$5	\$7.20 (as reported in ACOA's Five-Year Report to Parliament 2003-2008)

Summary of Achievements against 2008-2009 Priorities

The Agency set a number of priorities for 2008-2009 and, on the whole, achieved the results it planned while dealing with the challenges of the economic crisis in 2008.

- Increasing Atlantic Canada's gross domestic product, a recurring five-year target, exceeded the expected results. Over the last five-year reporting period, direct support to business for commercial projects produced increases of over \$7 in GDP gains for every dollar of ACOA expenditure.

- Estimates based on simulations by ACOA and the Conference Board of Canada economic models indicated that, over a five-year period, real GDP is \$1.2 billion higher than it would have been in the absence of ACOA's expenditures in direct support of small and medium-sized businesses, creating positive impacts for Atlantic Canada.
- The Agency met expected results in raising the level of research and development (R&D) and innovation, fundamental to increasing Atlantic Canada's competitiveness and closing the productivity gap with the rest of the country. In 2008-2009, ACOA invested \$91.4 million toward innovation projects, enabling advancements in research and development, the acquisition of new technologies, and increasing the likelihood of commercialization success.
- The Agency continued to focus efforts on international trade and the Atlantic Gateway, and align them with government strategies and initiatives. In 2008-2009, the Agency successfully repositioned its efforts to align its work with national priorities outlined within the Global Commerce Strategy. Through this alignment, the Agency has capitalized on new priorities and emerging opportunities, while continuing to provide value-added trade programming that increases the productivity and competitiveness of SMEs within the region.
- Progress continued in ACOA's work to advocate the interests of Atlantic Canada in development and implementation of national economic policy, programs, and projects. This was evidenced by the industrial benefit opportunities realized for Atlantic Canadian industry in major federal procurement projects. In 2008-2009, ACOA's efforts were instrumental in leveraging \$937 million in industrial regional benefit commitments to Atlantic Canada on federally contracted procurements.
- While the economic crisis in 2008 resulted in a more focused approach to federal interventions, the Agency effectively ensured that the measures included in Canada's Economic Action Plan, the federal government's economic stimulus package, were responsive to the economic challenges of Atlantic Canada. Of particular importance were ACOA's efforts to ensure that resource industries and resource-dependent communities in the region were able to fully participate in the Community Adjustment Fund, that Atlantic Canadian communities could benefit from the Recreational Infrastructure Canada program, and that Atlantic Canada's renewable energy potential was advanced with support from the Clean Energy Fund.

Program Activity	(\$ millions)					Alignment with Government of Canada Outcomes
	2007-2008	2008-2009				
	Actual Spending	Main Estimates	Planned Spending	Total Authorities	Actual Spending	
Enterprise Development	213.6	214.2	214.2	219.3	215.0	A Strong Economic Growth
Community Development	146.1	101.8	101.8	114.3	113.1	
Policy, Advocacy and Coordination	11.9	12.2	12.2	13.9	13.3	
Total	371.6	328.2	328.2	347.5	341.4	

Contribution of Priorities to Strategic Outcome

The following table discusses the progress of ACOA's operational and management priorities in reaching its strategic outcome, "A Competitive Atlantic Canadian Economy."

Operational Priorities	Type: Previously committed to (priorities have been in effect for the last one or two years) Status: Successfully met
Productivity	ACOA builds innovation capacity in the region by providing funding for R&D projects and for the adoption/adaptation of leading-edge technologies that lead to enhanced productivity. In 2008-2009, the Agency invested more than \$60 million in R&D projects and over \$12 million in technology adoption/adaptation projects. The Agency also invested more than \$7.5 million toward improving business competitiveness through a number of activities such as training, hiring skilled personnel, and improving productivity and/or quality.
Innovation and commercialization	The Agency has placed an increased focus on commercialization by supporting R&D projects that have the best probability for commercial success, as well as by identifying and pursuing commercialization within its existing portfolio of projects. In 2008-2009, the Agency invested \$1.7 million to develop a pan-Atlantic commercialization mentoring and consulting service to assist Atlantic Canada based SMEs, universities, research institutions and other strategic partners.
Balanced approach in rural/urban development	Atlantic Canada is characterized by a large rural population, requiring a balanced approach in support of development opportunities in both rural and urban communities. Through continued investment in its network of community economic development partner organizations, as well as direct investment in infrastructure and other community projects, and investment in Aboriginal and Francophone minority communities, ACOA's support built capacity in both rural and urban communities throughout Atlantic Canada.
Targeted advocacy areas	ACOA continued its advocacy efforts to ensure that Atlantic Canada's needs were reflected in federal policies, programs and regulations. In 2008-2009, ACOA's advocacy efforts helped leverage \$937 million in industrial and regional benefit commitments for Atlantic Canada, helping to build a strong and thriving aerospace and defence industry in the region. ACOA also advocated for the interests of Atlantic Canada in other key horizontal and sectoral files, including infrastructure programming, federal facilitation of Atlantic Canada's energy potential, and federal investments in science and technology.
Trade and Atlantic Gateway	In response to the priorities stated in the Government of Canada's Global Commerce Strategy and the Americas Strategy, ACOA increased its efforts by contributing to at least four initiatives (e.g. leading missions and research) linked to emerging markets such as Chile and India. The Agency also continued to build connections in existing markets (e.g. the U.S.) for export, investment and technology opportunities. The Agency continued its coordination efforts with its federal and provincial partners to develop an Atlantic Gateway Strategy. In concert with government partners and industry stakeholders, the Agency also established a pan-Atlantic marketing plan to promote the Atlantic Gateway in international markets.

Management Priorities	Type: Previously committed to (priorities have been in effect for the last one or two years) Status: Successfully met
Governance and accountability	<p>During its assessment of departmental management accountability frameworks, Treasury Board Portfolio recognized the Agency for its strong performance in several key management areas, such as:</p> <ul style="list-style-type: none"> • Effectiveness of extra-organizational contribution • Quality of analysis in Treasury Board submissions • Extent to which the workforce is productive, principled, sustainable and adaptable • Effectiveness of information technology management • Alignment of accountability instruments <p>Furthermore, in regard to governance and accountability, an ACOA-specific, multi-year strategy for the Management Accountability Framework was approved by ACOA's Executive Committee to address the five Agency key areas of management, i.e. risk, citizen focused service, finance control, values and ethics, information technology and information management.</p>
Public Service Renewal	<p>ACOA has developed an aggressive, fast-paced response to Public Service Renewal to emphasize the human resource component of its integrated business and human resource plan. Excellence (being the best you can be at your job) and development (preparing to compete for bigger responsibilities in the public service) are the themes for ACOA's Public Service Renewal strategy. While the genesis for the strategy is the business needs of the organization, it reflects the feedback received from employees regarding the challenges confronting the Agency in meeting its goals for Public Service Renewal. ACOA has actively engaged all senior executive teams in promoting, encouraging and supporting learning plans for all employees.</p>
Risk management	<p>The Agency has appointed a full-time chief risk officer and has set up a governance regime for risk management. ACOA has been independently recognized for its robust risk rating system, which is applied to Agency clients and projects. Internal services have been reviewed for exposure to risk, and associated mitigation measures are monitored by senior management. A Corporate Risk Profile, supported by a comprehensive Risk Register has been completed and risk tools are in place.</p>
Values and ethics	<p>The Public Service Employee Survey results with regard to values and ethics at the Agency have been positive. Since the introduction of the Public Service Code of Values and Ethics in September 2003, ACOA has taken many concrete actions to ensure that employees are aware of the code. However, in an effort to continue to improve in this important area, preliminary consultations have been held regarding the creation of a Code of Conduct for the Agency. In addition, ACOA has recently formed a steering committee to develop a values and ethics strategy for the Agency. The committee has held meetings and reviewed best practices of other organizations, with a view to developing a strategy and implementing a work plan.</p>
Business and human resource integration	<p>ACOA is well positioned in terms of its integration of human resources and business planning. The Agency contributed to the initiative by sharing its practices with other departments in collaboration with the Privy Council Office and the Canada School of Public Service. ACOA's planning framework comprises a number of integrated plans:</p> <ul style="list-style-type: none"> • Five-year integrated strategic plan • Three-year strategic human resources plan • Five-year employment equity action plan • Annual integrated operational plans • Annual staffing strategy • Three-year employment equity program

Risk Analysis

ACOA's Response to the Changing Economic Landscape

ACOA operates within a constantly changing global economic landscape. This affects the Agency's broad-based approach to economic development and its ability to address the underlying structural challenges facing the regional economy. Being proactive in identifying opportunities requires the Agency to anticipate and assess external economic factors that can affect the design and delivery of its programs and services. The following provides an outline of ACOA's response to the changing economic landscape in 2008-2009. Further information on the region's economy is available online through the link provided in Section 3 of this report (in the sub-section entitled "Atlantic Canada's 2008-2009 Economic Overview and Provincial Economic Profiles").

As the economy changes, the Agency faces risks in providing appropriate programming and initiatives to react to the needs of regional economic development and respond to current and emerging influences. During the past year, challenges such as the global financial crisis, the slowing of the world economy, the volatility of energy prices, and a fluctuating Canadian dollar have affected the ability of firms in Atlantic Canada to sell in various markets. Being aware of this situation, ACOA has ensured that its programs react to economic changes in a timely manner. The Agency's objective is to design and implement mitigating measures that reduce the impact and likelihood of these "strategic risks." The main measures that have been implemented are presented below.

Challenges and Opportunities

Responding to the downturn in the economy

Communities in Atlantic Canada that have a long-standing reliance on resource extraction and processing industries were severely tested during the past year. In its latest budget, the federal government announced the establishment of the Community Adjustment Fund and the Recreational Infrastructure Canada program to stimulate the economy and create employment throughout the country. ACOA, other regional development agencies, and other federal departments worked collaboratively to develop the program architecture for these initiatives, and consulted with the respective provincial governments to establish priorities for investment that would generate the most employment and leverage the most funds. Internal resources were redirected to support the implementation of these initiatives.

In response to the economic downturn, during 2008-2009 the Agency has provided \$11.3 million more than planned to support the Community Development program activity. For example, ACOA funds were made available throughout the region to facilitate accessibility to technologies and training programs. This led to long-term employment and economic capacity building in rural communities.

Skills and labour shortages

The region's recent demographic record has been characterized by minimal increases in population. Many people have left the region to pursue opportunities in other parts of Canada; these out-migrants are usually young and often have skills that are in demand within Atlantic Canada. This out-migration means that Atlantic Canada's population is aging faster than are other regions of the country, which will lead to significant skills and labour shortages if left unchecked.

ACOA is addressing this challenge in collaboration with provincial governments and other federal departments. An important joint approach is the Atlantic Population Initiative, a three-year collaborative effort designed to better attract skilled immigrants to Atlantic Canada; retain more Atlantic Canadians, youth and recent immigrants; improve labour market integration of immigrants; and engage stakeholders to create alternative work and business opportunities in the region.

Mitigation Measures

These potential risks, and others as they emerge, are monitored continuously by the Agency to ensure that appropriate mitigation is applied and the risks are not realized to a harmful extent.

The Agency identified five key risks and associated mitigation strategies for attention in 2008-2009. These risks, and the primary mitigation measures implemented during the year, are presented below.

Key Risk and Challenges	Mitigation Measures
1. Strategic Risk The risk that the Agency's strategies are neither aligned with government economic objectives and policies nor reflective of emerging economic development concepts, leading to opinions that the Agency is redundant.	The Agency continues to ensure that programming complements government economic objectives articulated in the federal budget, Advantage Canada, the Speech from the Throne and the Economic Action Plan. In consideration, ACOA focused on three areas – productivity, international trade, and infrastructure support. ACOA also promoted trade through alignment with Canada's Global Commerce Strategy and the related Americas Strategy.
2. Cost of Doing Business Risk Risk that the cost of doing business escalates and represents an increasing portion of the Agency's budget, adversely affecting operational efficiency and leading to budgetary difficulties for programming.	ACOA completed a review of the cost of delivering the Agency's programs, including the identification of the cost drivers. Measures have been put in place to ensure operating costs are contained.
3. People Management Risk The risk that ACOA's talent agenda (leadership, recruitment, training, promotion, work/life balance, competencies) does not adequately sustain the workforce necessary to carry out the Agency's mandate in the future, and the Agency experiences a significant loss of corporate memory.	Strong emphasis on Public Service Renewal, as well as mandatory preparation of employee learning plans, promotion of career planning and training opportunities were implemented. Future needs for an effective workforce were identified through the Agency's Human Resource Strategic Plan.

Key Risk and Challenges

Mitigation Measures

4. Data Management Risk

The risk that data being collected is inaccurate, incomplete, excessive or inaccessible, so that decision making and efficient use of resources are adversely affected.

Significant attention was brought to the risks associated with data/information management. The Agency undertook several initiatives with an objective to ensure data/information being collected was relevant, accurate and useful for decision making. Work continued on the development of a stronger Performance Management Framework, which received a positive rating in the Management Accountability Framework assessment issued by Treasury Board. It was noted that ACOA has put in place most of the elements required to provide insights into the performance and effectiveness of most programs, and these elements are being used for decision making. It was also concluded that ACOA is able to validate and demonstrate the contribution of its programs to the delivery of its mandate, and that it is well placed to manage for results. Other related initiatives include a more robust data collection strategy and information/data dashboards.

5. Reputational Risk

Reputation risk materializes when the proactive flow of positive information wanes, or when negative publicity triggered by certain internal or external events, whether accurate or not, compromises the Agency's reputation and results in a loss of credibility for the Agency.

The Agency continued to use communications initiatives to convey its accomplishments and nurture its credibility with stakeholders. Its established foundation of values and ethics has been enhanced through the commencement of a more formal strategic planning approach and linkage to the Agency's reputational expectations.

Expenditure Profile

ACOA's actual spending for 2008-2009 was \$341.4 million. This represents a reduction in spending of 8% or \$30.2 million, from \$371.6 million in 2007-2008, as indicated in the table below. Variances in actual spending profiles are primarily due to a decrease in Community Development spending, as more fully explained below.

- Expenditures in 2007-2008 included \$8.8 million for Infrastructure Canada Program, which is winding down and showing reduced expenditures in 2008-2009. In 2008-2009, expenditures for new activities occurring under infrastructure were reported by Infrastructure Canada.
- Expenditures under the Community Development program activity in 2007-2008 were greater by \$29.5 million, due to spending related to the Saint John Shipyard Adjustment Initiative.
- Other changes representing an increase of \$8.1 million, due to normal fluctuations in programming among activities.

The following table highlights changes in spending for each program activity, as well as variances in 2008-2009 between the main estimates, planned spending, authorized spending, and actual spending for each program activity.

Program Activity	(\$ millions)					
	2006-2007	2007-2008	2008-2009			
	Actual	Actual	Main Estimates	Planned Spending	Total Authorities	Actual
Enterprise Development	227.5	213.6	214.2	214.2	219.3	215.0
Community Development	146.4	146.1	101.8	101.8	114.3	113.1
Policy, Advocacy and Coordination	11.4	11.9	12.2	12.2	13.9	13.3
Total	385.3	371.6	328.2	328.2	347.5	341.4

Analysis of 2008-2009

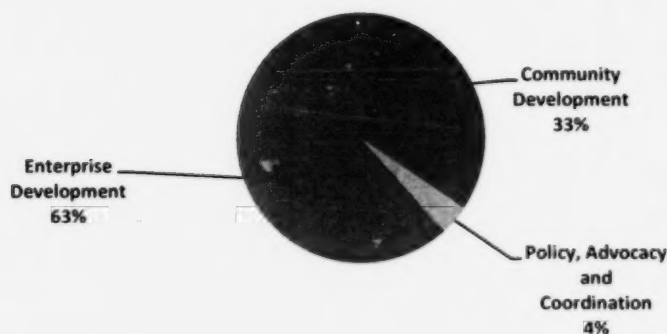
Planned spending in 2008-2009 of \$328.2 million was augmented by \$19.3 million provided through new authorities and transfers, including \$2.5 million for compensation adjustments; \$1.6 million for severance pay, parental leave benefits and leave payout; \$3.6 million for operating budget carry forward; \$0.9 million due to increased costs of employee benefit plans; \$11.2 million in excess collections of repayable contributions from previous years; and less \$0.5 million in other minor adjustments.

Actual spending of \$341.4 million represents a surplus of \$6.1 million from total authorities of \$347.5 million. The Agency will access a portion of this surplus through operating budget carry forward of \$3.1 million to meet planned requirements in 2009-2010. The balance of \$3 million was for the establishment of frozen allotments: \$1.5 million under the operating expenditures vote and \$1.5 million under the grants and contributions vote.

Analysis by Program Activity

For the most part, the spending for Enterprise Development and Policy, Advocacy and Coordination activities was according to plan. However, as identified in total authorities, the spending for the Community Development activity increased by \$11.3 million over planned spending. The Agency allocated additional funds under this activity in response to requirements.

**2008-2009 Actual Spending by Program Activity
Expressed as a Percentage**



Voted and Statutory Items

This table displays the way Parliament approved resources, and shows the changes in resources derived from supplementary estimates and other authorities, as well as how funds were spent.

Vote # or Statutory Item (\$)	Truncated Vote or Statutory Wording	(\$ millions)			
		2006-2007 Actual Spending	2007-2008 Actual Spending	2008-2009	
				Main Estimates	Actual Spending
1	Operating expenditures	80.5	83.1	81.9	85.6
5	Grants and contributions	296.3	279.1	238.3	246.9
(S)	Contributions to employee benefit plans	8.5	9.4	8.0	8.9
	Total	385.3	371.6	328.2	341.4

Section 2: Analysis of Program Activities by Strategic Outcome

Strategic Outcome – A competitive Atlantic Canadian economy

<i>Performance Indicator:</i>	<i>Five-year Target: (2008-2009 to 2012-2013¹)</i>	<i>Performance Status and Summary:</i>
Increase in Atlantic GDP for every dollar of ACOA expenditure in direct support of business	\$4 to \$5	Result of \$7.20 as reported in the last five-year reporting period 2003-2008

Performance Measurement Strategy: Measuring the impact on income and employment in Atlantic Canada is a long-term, multi-dimensional undertaking. Thus, the Agency reports results every five years, based on analysis of data from Statistics Canada and internal systems, using econometric modelling.

ACOA aims to achieve a competitive Atlantic Canadian economy for the long-term benefit of all Atlantic Canadians. A competitive region will produce higher levels of income for its citizens, and will grow faster over the medium to long run. A competitive economy will increase opportunities for economic development in the region, specifically through the growth of earned incomes and employment opportunities for Atlantic Canadians.

Competitiveness is determined by the set of institutions, policies and factors that affect the capacity of firms to sell their products globally. Productivity is an important determinant of competitiveness, and, according to the Organisation for Economic Co-operation and Development (OECD), it is the most important source of long-term prosperity for a region. Productivity, defined as the efficiency with which resources are used in the economy, is a key measure of how well small and medium-sized enterprises (SMEs) in Atlantic Canada are performing when compared with those in other regions of the country and elsewhere around the world.

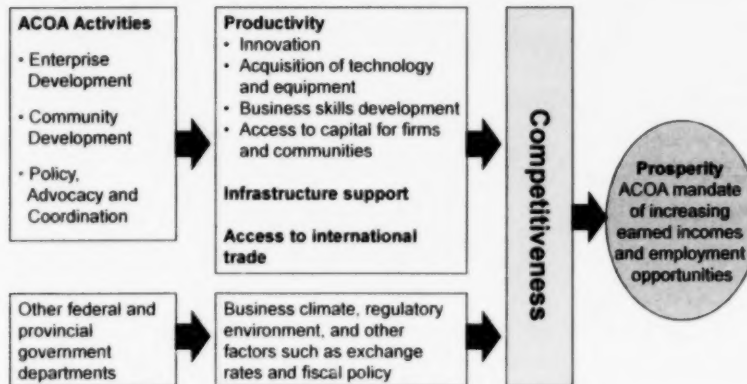
Achieving a competitive Atlantic economy for the long-term benefit of all Atlantic Canadians continued to be ACOA's focus in 2008-2009. ACOA directed its efforts toward improving competitiveness in three key areas: productivity, international trade and infrastructure support.

To increase the performance of Atlantic Canadian SMEs, the Agency targeted key productivity drivers, including innovation, the acquisition of technology and equipment, business skills development, and access to capital for firms and communities. ACOA also focused on trade and investment to increase export capabilities and encourage international trade, and played a strategic role in supporting community infrastructure required for economic development. By

¹ This five-year target is aligned with ACOA's Five-Year Report to Parliament, last tabled in Parliament for the fiscal year ending in 2008. As such, results will be monitored and reported again in 2013.

concentrating its efforts in these areas, the Agency, along with its many partners, was able to link its regional economic development priorities to its goal of a competitive Atlantic economy.

Productivity, Competitiveness and the ACOA Mandate



The Agency's three program activities (i.e. Enterprise Development, Community Development, and Policy, Advocacy and Coordination) were directed at helping Atlantic Canadians and the region to prosper and compete on a national and global scale. In 2008-2009, the Agency continued to:

- foster improved productivity of Atlantic Canadian companies by focusing on measures such as research and development, acquiring advanced technologies, and investing in business skills development;
- increase its focus on commercialization of innovative technologies, identifying and pursuing opportunities through the Atlantic Innovation Fund (AIF) portfolio;
- build on past successes in trade, by aligning its efforts with the Government of Canada's Global Commerce Strategy and the related Americas Strategy, and engaging in activities that capitalized to a greater extent on emerging markets;
- coordinate efforts to ensure that the region is well poised to benefit from the Atlantic Gateway, which offers significant opportunities for long-term economic expansion in Atlantic Canada;
- respond to changing economic circumstances, by pursuing strategies that support increasing opportunities in the region's rural and urban areas, and by investing in initiatives that provided best value for investment while addressing community priorities; and
- advocate the interests of the region in order to ensure new government initiatives are responsive to the needs of Atlantic Canadians.

A measure of ACOA's impact in Atlantic Canada is the increase in the region's real gross domestic product (GDP) for every dollar of expenditure in direct support to businesses. In the Agency's recent *Five-Year Report to Parliament (2003-2008)*, ACOA estimated that real GDP was \$1.2 billion higher in 2007 than it would have been if Agency expenditures toward direct support for the region's businesses were non-existent. Furthermore, ACOA reported that its direct support to businesses for commercial projects produced increases of over \$7 in GDP gains for every dollar of ACOA expenditure.

Program Activity: Enterprise Development

STRATEGIC OUTCOME	PROGRAM ACTIVITY	PROGRAM SUB-ACTIVITY
A competitive Atlantic Canadian economy (1.0)	Enterprise Development (1.1)	<ul style="list-style-type: none"> • Innovation (1.1.1) • Entrepreneurship and Business Skills Development (1.1.2) • Trade (1.1.3) • Investment (1.1.4) • Financing Continuum (1.1.5)

Expected Results: Improved growth and competitiveness of Atlantic SMEs

Performance Indicators:

Annual Targets: (2008-2009)

Performance Status and Summary:

Survival rate ratio of ACOA-assisted firms

1 to 2 times higher than comparable firms

Met all. 1.3

Number of new business start-ups that have received funding from ACOA to help them become established 50

Somewhat met. 31

Performance Measurement Strategy: Undertake analysis of data from Statistics Canada and internal systems data by comparing "ACOA clients" to "comparable firms" — those that are of similar age, size, sector and geographic region, but that have not received a direct monetary contribution from the Agency.

Financial Resources (\$ millions)			Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
214.2	219.3	215.0	446	424	22

Program Activity Summary

ACOA works in partnership with Atlantic Canadian enterprises, stakeholders, industry and institutions to improve the growth and productivity of Atlantic Canada's economy, leading to increased competitiveness, earned incomes and job creation.

Results are achieved by assisting SMEs to start, expand or modernize their businesses, or to establish and expand their export activities; by partnering with universities and other institutions to increase the region's research and development capacity, commercialization and productivity; and by promoting and participating in the region's transition to a knowledge economy.

Performance Analysis

One measure of ACOA's performance on SME competitiveness in Atlantic Canada is business survival rates. A company's survival depends on many factors, including the age of the business, location and size. The five-year survival rate² for ACOA-assisted firms in the small and medium-sized category (i.e. fewer than 100 workers) is notably above the rate for comparable firms. In fact, the business survival rate for ACOA-assisted firms is 47% after the crucial fifth year following start-up, compared with 35% for comparable firms. In other words, 47 of 100 start-up firms supported by ACOA are still in business after five years, 12 more than those not supported by ACOA.

The health of an economy can also be measured by the number of business start-ups – the more new establishments, the better the economy. This year's lower performance on the number of ACOA-assisted new business establishments may be reflective of the economic downturns in the latter half of the fiscal year.

In the priority area of innovation, the Agency approved the funding of 25 new projects under the Atlantic Innovation Fund (AIF), committing over \$53 million and leveraging an additional \$52 million from other sources such as universities and other research institutions, provincial governments, the private sector and national R&D programs. Since the advent of the AIF in 2001, increased capacity for innovation has been built in the region's various universities and community colleges. The AIF has also led to an increase in the level of privately funded R&D being carried out in Atlantic Canada. Although still below the national average, private funding for R&D has been increasing. In Atlantic Canada, ACOA has worked to contribute to this increase by focusing on growing the participation of commercial entities. For example, the percentage of approved AIF projects from commercial proponents was 56% in 2008-2009, while fully 100% of institutional projects approved have private sector partners (up from 92% in 2007-2008).

In addition to the AIF, ACOA funds research and development, technology adoption/adaptation, and productivity improvement projects under the Business Development Program (BDP). During 2008-2009, a further \$38 million was approved for projects related to innovation.

Atlantic Canada's ability to be competitive and maintain prosperity is a direct outcome of productivity. Productivity improvements in the region can be achieved by ensuring that entrepreneurs have the right business skills to be successful. ACOA's investments in business skills development activities have enabled Atlantic Canadian entrepreneurs to acquire the skills relevant to enhancing the start-up, survival and growth of their businesses. Doing so has helped to build SMEs' skill capacities and ultimately improve productivity. In addition, the Agency has invested in projects that help increase the pool of Atlantic Canadians who have the motivation and skills to plan and start new businesses in the region. Fifty-seven percent of participants in entrepreneurship awareness and promotion activities indicated that the activity increased their intent to start a business; and 79% of participants in business skills development activities indicated that they improved their business skills.

² Small Business and Special Surveys Division, Statistics Canada - February 2009.

The Agency's activities in the area of trade are not only intended to help SMEs improve their export-readiness potential, but also to bring them to a point where they can start exporting actively. According to information collected through International Business Development Agreement (IBDA) surveys, Team Canada Atlantic exit surveys, client and project reports, and Business Development Program exporters surveys, it is estimated that in 2008-2009 approximately 75 new exporters were supported by means of trade activities.³ These efforts were mainly direct financial support to SMEs with the objective of allowing them to undertake marketing activities outside Canada, in markets that have the potential to become fertile for the enterprise.

In response to the priorities stated in the Government of Canada's Global Commerce Strategy and the Americas Strategy, ACOA increased its efforts in emerging markets by contributing to initiatives such as ExpoNaval in Chile, The Caribbean Development Bank annual general meeting in Halifax, the Atlantic Provinces Economic Council study, as well as a trade mission to St. Lucia and Jamaica. The Agency also continued to build connections in existing markets, like the U.S., for export, investment and technology opportunities.

A strong advocate of trade initiatives that benefit Atlantic Canada and influence national and regional policy, in consultation with its federal and provincial stakeholders, ACOA continued to work toward the establishment of the Atlantic Gateway Strategy. In the past year, a short-term, pan-Atlantic business plan was established, six promotional activities were organized and, in December 2008, informal consultations with Atlantic Gateway stakeholders resulted in a market-driven business plan for 2009-2010.

The Agency promotes Atlantic Canada as a profitable location in which to do business. The Agency's investment-dedicated website, www.acoa.gc.ca/invest, experienced significant traffic, with more than 35,000 visits made to the site during 2008-2009.

Foreign direct investment is recognized as a significant catalyst to increasing innovation, productivity, trade and wealth creation for the region. In 2008-2009, ACOA and its partners, through the Pan Atlantic Investment Coordination Committee, adapted their strategies in order to ensure the optimal use of financial and human resources toward attracting foreign players to Atlantic Canada.

A number of financing gaps still exist in Atlantic Canada, and the Agency aims to address these gaps, which are more prevalent in rural than in urban areas. Through the Financing Continuum sub-activity, ACOA provided financial support of \$12.6 million to SMEs to support new business establishments, expansion and modernization projects. This funding, which is generally not otherwise available to these businesses on reasonable terms and conditions, is critical for their growth and survival.

During 2008-2009, the Agency continued to foster the development of financial markets in Atlantic Canada. ACOA aims to be a catalyst in developing the availability of capital, whether it

³ Further information on ACOA's Trade sub-activity, including new exporters, is available online through the link provided in Section 3 of this departmental performance report, in the sub-section entitled "Other Items of Interest".

is debt or equity, so that all SMEs have reasonable access to the money needed to finance growth throughout their life cycles. The Agency's efforts in this area are best illustrated by the support provided to two established angel networks that supplied much-needed equity financing to deserving early-stage enterprises.

Lessons Learned

The Agency will continue to actively support the development of business skills and help Atlantic Canadian SMEs to attract skilled employees, as both activities were identified as priorities of the region's SMEs in a survey conducted in 2008.⁴

With respect to innovation, through market intelligence provided by account managers, partners and stakeholders, ACOA recognized the need to focus attention on fostering improved commercialization of innovative technologies by identifying and pursuing commercialization opportunities within the AIF portfolio. In addition, ACOA recognized the need to find solutions to the early stage capital gaps in the region, i.e. equity financing to support high-risk and high-potential commercialization.

In 2008-2009, two internal audits were completed, one for each of the two sub-activities of Trade and Investment. It was concluded that, in general, the Agency exercised due diligence in the delivery of the trade and investment elements of the Atlantic Trade and Investment Partnership, International Business Development Program, the Enhanced Representation Initiative/North American Platform Program, and the Business Development Program. However, recommendations were made to address areas such as coordination of trade and investment activities, and improvement of the assessment and monitoring processes. The importance of formally documenting project achievements was stressed. In order to address the audit recommendations, an elaborate action plan was put in place, which included training, best practice sessions, new processes and procedures, templates and quality control assurance.

Benefits for Canadians

The Agency's mission is to develop all regions of Atlantic Canada through the strengthening of SMEs and its partnerships. Through its program activity Enterprise Development, ACOA helps SMEs to become more innovative, productive and competitive, thereby helping businesses and communities of Atlantic Canada to become stronger, which in turn fosters prosperity for Atlantic Canadian communities and their citizens.

⁴ ACOA Awareness and Perception Study, POR-257-07. Total of 400 businesses were surveyed by phone in 2008. Results are accurate within +/- 4.9%, 19 times out of 20.

Program Activity: Community Development

STRATEGIC OUTCOME	PROGRAM ACTIVITY	PROGRAM SUB-ACTIVITY
A competitive Atlantic Canadian economy (1.0)	Community Development (1.2)	<ul style="list-style-type: none"> Community Mobilization (1.2.1) Community-based Business Development (1.2.2) Community Investment (1.2.3) Infrastructure Programming (1.2.4)

Expected Results: Dynamic and sustainable communities for Atlantic Canada

Performance Indicators:

Increased capacity in community decision making, planning and delivery

Target:

Evidence of impact, resulting from evaluations, and supported by data

Performance Status and Summary:

Evaluation currently underway; results will be published in the 2009-2010 Departmental Performance Report.

Annual Targets: (2008-2009)

Number of new business start-ups that have received funding from CBDCs

753

Mostly met. 713

Number of businesses that have received funding from CBDCs to stabilize or expand operations

804

Exceeded. 861

Performance Measurement Strategy: Undertake analysis of evaluations and CBDC e-reports.

Financial Resources (\$ millions)			Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
101.8	114.3	113.1	201	204	(3)

Program Activity Summary

The Atlantic economy is built on the region's many geographic, linguistic and cultural communities. From small remote villages to larger urban centres, the opportunities and challenges vary significantly. ACOA recognizes the importance of these communities in an economic development framework, and supports their efforts to assume full responsibility for their own economic development. ACOA believes that effective community development is a bottom-up process, and that many communities require help to develop the tools, resources and initiatives that support individual and unique strategic development. This kind of development requires a flexible approach, based on the particular realities of the communities being targeted. Working in close co-operation with communities and community-led organizations involved in economic development planning and mobilization efforts, ACOA provides strategic funding that enables communities to strengthen their economic base and increase prosperity for their citizens.

ACOA uses its various programs, in particular the Business Development Program, Innovative Communities Fund and the Community Futures Program, to stimulate community economies. In

addition, ACOA works with Infrastructure Canada, and the provincial governments, to oversee and ensure the flow of federal funds allocated to each region through the various federal and provincial infrastructure funding streams. These programs serve to provide significant economic stimulus, while ensuring the maintenance of quality public infrastructure and services, which are essential building blocks to the future economic well-being of communities. These investments are a key in laying a foundation for addressing the region's productivity and competitiveness issues.

Performance Analysis

In 2008-2009, ACOA continued its lead role in economic development, working with the many communities to create greater employment opportunities and economic growth in the Atlantic region.

ACOA's primary program tool for investing in community development priorities is the Innovative Communities Fund. This fund provides non-repayable investments to not-for-profit organizations, such as local development associations, municipalities and their agencies, business and technology institutes, industry sector associations, economic development associations, local co-operatives, universities and other educational institutions. In 2008-2009, ACOA invested \$32.2 million toward 94 projects having total project costs of \$119.4 million, thereby leveraging \$87.2 million from other sources.

Atlantic Canada's CBDCs continued to provide an essential source of capital to assist Atlantic Canada's rural businesses to start up or expand, and to enhance the balance between rural and urban development. In 2008-2009, \$56.2 million in financing was provided through these 41 community-based organizations.

ACOA partnered with many Aboriginal organizations and federal and provincial departments to assist in building the economic capacity of Aboriginal communities. The Agency continued to support a variety of projects in the areas of accessibility to business information, business support, procurement, tourism, business and workplace skills, economic diversification, and business and strategic planning. For example, ACOA supports the Atlantic Aboriginal Economic Development Integrated Research Project, which is a four-year systematic program of research for economic development in Aboriginal communities.

ACOA partnered with Francophone communities in each province to address economic priorities, such as its ongoing dealings and joint committee relationship with the *Réseau de développement économique et d'employabilité* in Atlantic Canada. Acadians and Francophones in Atlantic Canada constitute approximately one-third of Canada's minority Francophone population.

Several projects showcased the unique cultures of Atlantic Canada's Acadian and Aboriginal populations. To foster the economic development of Francophone communities in Newfoundland and Labrador, the *Fédération des francophones de Terre-Neuve et du Labrador* produced a French tourist guide, showcasing tourism attractions in the province and its

Francophone communities in order to draw the attention of and inform French visitors. The Metepenagiag Heritage Park interpretation centre in Miramichi, New Brunswick, will exhibit over 3,000 years of Aboriginal (Mi'kmaq) culture and artifacts, and will be the only one of its kind in Canada.

The Recreational Infrastructure Canada (RIInC) program announced on February 7, 2009, and the Community Adjustment Fund (CAF) announced on May 11, 2009, are part of a range of key programs contained in Budget 2009 designed to help stimulate economic activity across the country. RIInC provides an immediate, targeted stimulus to the economy, and helps to mitigate the impacts of the global economic recession by increasing construction activity in the recreational sector. CAF targets communities that are hardest hit by the global recession to pursue new economic opportunities.

Lessons Learned

A summative evaluation of the Community Futures (CF) Program concluded the following: that there is a continuing need for the CF Program, that the activities and objectives of Atlantic Canadian CBDCs closely align with the national CF Program, and that the CF Program aligns well with ACOA's priorities. Similarly, a summative evaluation of the Strategic Communities Investment Fund (SCIF) found the SCIF program to be relevant to the needs of communities across Atlantic Canada. It addressed the needs of communities and enhanced their capacity for economic development initiatives. It produced the intended results in terms of infrastructure, and benefited businesses and residents in those communities from an economic and social perspective. On a go-forward basis, ACOA will implement an approach to systematically monitor the longer term impacts of its range of community economic development programs, for example, through case studies.

Benefits for Canadians

Atlantic Canada remains one of the most rural regions in Canada, with more than 40% of its population located in rural communities. The region did not escape the impacts of the worldwide economic downturn that began in late 2008, notably, tightened lending conditions in the banks' approach to providing capital. Through ACOA's programs and networks (largely rural community development organizations), businesses were able to access capital and adjust to the changing economy and thus retain jobs that would have otherwise been at risk. ACOA was well positioned to implement Government of Canada's stimulus funding programs established in response to the recent economic challenges. Through these efforts, Atlantic businesses will be better equipped to recover from the downturn.

Program Activity: Policy, Advocacy and Coordination

STRATEGIC OUTCOME	PROGRAM ACTIVITY	PROGRAM SUB-ACTIVITY
A competitive Atlantic Canadian economy (1.0)	Policy, Advocacy and Coordination (1.3)	<ul style="list-style-type: none"> • Policy (1.3.1) • Advocacy (1.3.2) • Coordination (1.3.3)

Expected Results: Policies and programs that strengthen the Atlantic economy.

Performance Indicator:

Atlantic regional economic policies and programs that respond to regional development opportunities

Annual Target: (2008-2009)

Continued government support to Agency priorities, collaboration with other federal departments, and engagement with other partners in Atlantic Canada in areas that will contribute to increasing the competitiveness of Atlantic Canada's economy.

Performance Status and Summary:

Successful collaborative efforts with other government departments, as well as the four provincial governments of the region and other partners, on key issues pertaining to ACOA's priorities.

Performance Measurement Strategy: Undertake analysis of information from ACOA's Policy Network and key informant surveys, evaluations and qualitative reviews, as well as indicators from the federal government's budget speech, the Speech from the Throne, and decisions by central agencies.

Financial Resources (\$ millions)			Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
12.2	13.9	13.3	110	95	15

Program Activity Summary

ACOA's Policy, Advocacy and Coordination (PAC) program activity is central to identifying and effectively responding to opportunities and challenges facing the regional economy. PAC provides intelligence, analysis and well-grounded advice on a broad range of issues and topics, and informs and supports decision making by the Agency and the minister. PAC helps to carry the Agency's agenda forward and ensure that ACOA remains relevant and responsive to the opportunities and challenges in Atlantic Canada. PAC offers strategic, researched policy positions that reflect the region's potential. It also influences national policies and programs that affect Atlantic Canada's development and interests, and coordinates other policies and programs within the region to form integrated approaches to development.

Performance Analysis

In 2008-2009, ACOA developed policy advice and research, provided economic and fiscal analyses, and engaged stakeholders. The Agency's policy and research work focused on the Atlantic Gateway and international trade; skills development; regional productivity and competitiveness; natural resources; rural/urban issues; and population strategies. Emphasis was also placed on areas such as natural gas development, productivity in the manufacturing sector,

and community development. ACOA prepared and distributed regular reports on the region's economic situation. A senior Agency official, supported by PAC staff, assumed the role of Canada's lead representative on the Organisation for Economic Co-operation and Development's (OECD) Territorial Development Policy Committee. The Agency engaged with the private sector and academia through entities such as the Atlantic Canada Opportunities Board, Atlantica, and Metropolis. In addition, the policy function offered support and analysis to the process that was initiated to renew ACOA's programs.

ACOA ensured that Atlantic Canada's needs are reflected in federal policies and programs. The Agency's advocacy function aimed to advance Atlantic Canadian interests in national policy and program development, so that government initiatives were responsive to the needs of the region. The Agency ensured that the implementation of measures included in Canada's Economic Action Plan reflected the economic challenges of Atlantic Canada. A core consideration for ACOA advocacy activities in 2008-2009 was to seek out ways in which federal initiatives could assist Atlantic Canada in facing current global economic challenges. The focus of advocacy was accelerated infrastructure investment and the Atlantic Gateway; aerospace and defence industries' bolstering of the Atlantic Canada economy through federal IRB policy advocacy; federal facilitation of Atlantic Canada's energy potential, including tidal energy; as well as increased emphasis on the future commercialization needs of Atlantic Canadian businesses in federal science and technology investments. Advocacy also addressed areas such as bioscience, climate change, labour market issues and ocean technology.

ACOA played its coordination role in federal-provincial initiatives by supporting the Clerk of the Privy Council's meeting with counterparts from Atlantic Canada's provincial governments, by participating in the Regional Officials Committee for the Atlantic Gateway, and by supporting federal-provincial initiatives such as the Atlantic Population Initiative. Another example of its work was the signing of an accord with the Nunatsiavut Government to coordinate support for developing the Torngat Mountains National Park, and associated economic development opportunities. The Agency collaborated with the provincial governments on issues such as tourism, skills development, climate change and renewable energy, and provided leadership with universities, colleges and hospitals in developing a coordinated approach to medical research and technology commercialization in Nova Scotia. The Regional Federal Councils addressed an array of topics relevant to the region, including Public Service Renewal, official languages, and emergency and risk management. ACOA coordinated efforts with federal departments such as the other regional development agencies for the development, implementation, and analysis of the Community Adjustment Fund and the Recreational Infrastructure Canada program. Another example of coordination with federal departments is the cultural tourism working group set up in Newfoundland and Labrador involving ACOA, Canadian Heritage, Service Canada and Parks Canada.

Lessons Learned

During the past year, lessons have been learned about the types of results that can be achieved through policy, advocacy and coordination efforts. Conferences such as the 5th Annual Conference of the Technopolicy Network, held in Halifax in September 2008, clearly show certain types of results that can be achieved through PAC activities. In this case, the Agency was

instrumental in attracting the conference to Canada. This was the first time the Technopolicy Network had held an event in Canada. In addition to ACOA, event partners included the Natural Sciences and Engineering Research Council (NSERC), the National Research Council (NRC), Dalhousie University, inNOVAcorp, and the Greater Halifax Partnership. The theme of the 2008 conference was *Implementing Regional Innovation Strategies*. During this conference, ACOA had the opportunity to learn from other countries' regional approaches to innovation. As well, the conference served as an occasion for the Agency to receive positive feedback from international experts on its role in Atlantic Canada's innovation system.

The Atlantic Gateway is another area where the Agency has learned from research and recent experience. In 2008-2009, ACOA continued to play a key role in strengthening partnerships and mobilizing stakeholders around the Atlantic Gateway. The close working relationship between the Agency, Transport Canada and the four Atlantic provinces has allowed the Agency to undertake collaborative research to deepen its collective understanding of issues related to the development of a gateway-centred transportation network in Atlantic Canada. These initiatives were built on previous research such as the Atlantic Gateway Business Case and other contracted studies. The Agency also expanded its engagement with the business community and other government departments on issues ranging from infrastructure to regulatory issues, as well as the trade development and economic benefits that the gateway can potentially bring to Atlantic Canada.

Benefits for Canadians

The Agency's PAC activity assisted ACOA in carrying out the Government of Canada's priorities. PAC efforts in areas relating to the Atlantic Gateway, human capital development, the resource sectors, urban and rural issues, the competitiveness of businesses, and the overall economic expansion of the region benefited Atlantic Canadians by ensuring the coordination of federal initiatives in the region. Through its PAC activities, ACOA continued its collaborative efforts with other government partners and various stakeholders to ensure the Agency's approach corresponded to opportunities and challenges facing businesses in the region.

During the year, ACOA ensured that government initiatives were responsive to the challenges and opportunities of the Atlantic Canadian economy. ACOA continued its procurement advocacy efforts that have helped secure over \$1.5 billion in industrial and regional benefit commitments for Atlantic Canadian firms over the past five years, and that have helped contribute to a strong and thriving aerospace and defence industry in the region. ACOA also advocated for the interests of Atlantic Canada in other key horizontal and sectoral files to make government initiatives more responsive to the needs of Atlantic Canadians.

In 2008-2009, ACOA's PAC activity assisted the region in facing challenges affecting Atlantic Canada's overall economic vitality. PAC supported the Agency's broad-based approach to economic development by addressing key policy issues impacting the growth of the region, by advocating for the interests of Atlantic Canada to ensure that government initiatives are responsive to the needs of the region, and by coordinating federal policies and programs within the region to form integrated approaches to development.

Section 3: Supplementary Information

Financial Highlights

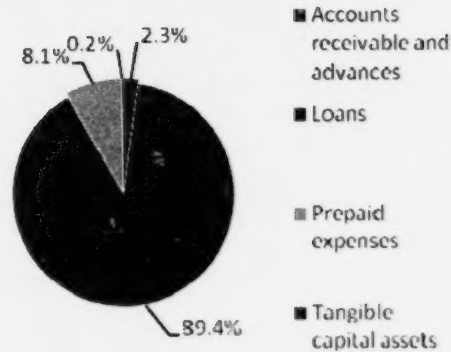
The financial highlights presented within this Departmental Performance Report are intended to serve as a general overview of ACOA's financial position and operations. Financial statements are prepared in accordance with accrual accounting principles. The unaudited supplementary information presented in the financial tables in this report was prepared on a modified cash basis of accounting in order to be consistent with appropriations-based reporting.

The Agency's financial statements can be found on ACOA's website at: http://www.acoa-apec.ca.gc.ca/English/publications/ParliamentaryReports/Pages/PerformanceReportforthePeriodEndingMarch31_2009_other.aspx.

Financial Highlights			
	% Change	2009 (\$ millions)	2008 (\$ millions)
At end of year (March 31):			
Condensed Statement of Financial Position			
ASSETS			
Total assets	4	241	232
TOTAL	4	241	232
LIABILITIES			
Total liabilities	-19	92	113
EQUITY			
Total equity	25	149	119
TOTAL	4	241	232
For the year ended March 31:			
Condensed Statement of Operations			
EXPENSES			
Total expenses	-14	298	347
REVENUES			
Total revenues	-21	11	14
NET COST OF OPERATIONS	-14	287	333

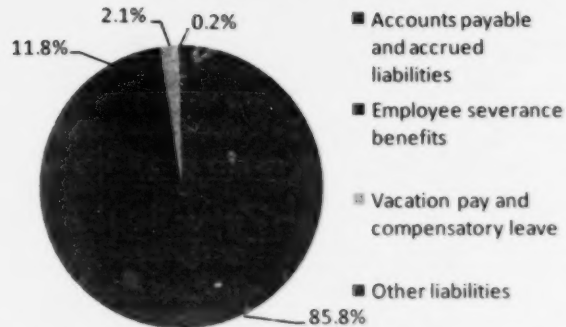
Assets by Type

Total assets at the end of 2008-2009 were \$241 million, an increase of \$9 million (4%) over the previous year's total assets of \$232 million. Loans represented 89.4% of total assets, at \$215 million, and prepaid expenses represented 8.1% of total assets. Accounts receivable represented \$5 million or 2.3%, while tangible capital assets represented less than 1% of total assets.



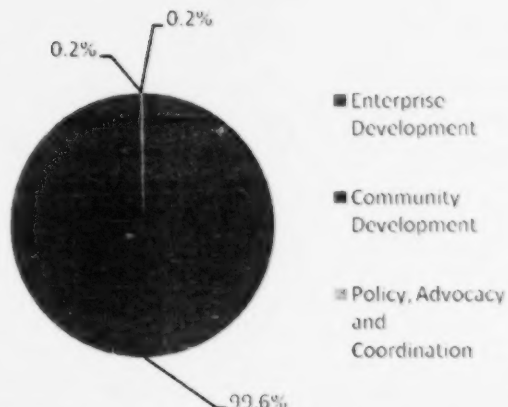
Liabilities by Type

Total liabilities at the end of 2008-2009 were \$92 million, a decrease of \$21 million (19%) over the previous year's total liabilities of \$113 million. Accounts payable represent the largest portion of liabilities, at \$79 million or 85.8% of total liabilities.



The Agency's total revenues for 2008-2009 amounted to \$11 million. There was a decrease of \$3 million (21%) from the previous year's revenue. Almost all of ACOA's revenue was derived from repayable contributions from activity undertaken to support the program activity Enterprise Development. All the other levels of revenue were marginal for 2008-2009.

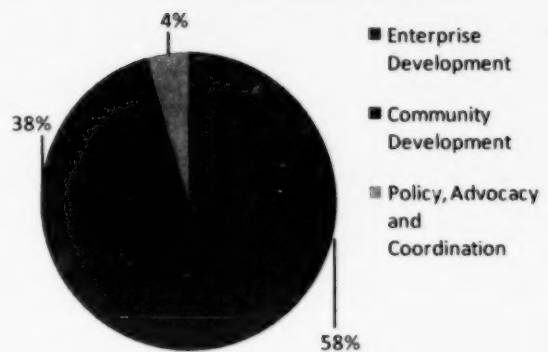
Revenues - Where Funds Come From



Total expenses for ACOA were \$298 million in 2008-2009. The majority of funds, \$171 million or 58%, was spent in Enterprise Development, while Community Development represented \$113 million or 38% of total expenses.

ACOA's actual spending in 2008-2009 was \$341.4 million in comparison with \$298 million in the financial statements. The difference is due to the unconditionally repayable contributions. Due to their nature, they are accounted for as assets in ACOA's financial statements and not as expenses.

Expenses - Where Funds Go



Supplementary Information Tables

The following supplementary information tables can be found on the website of the Treasury Board of Canada Secretariat at <http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/index-eng.asp>.

- Sources of Non-respendable Revenue
- Details of Transfer Payment Programs
- Horizontal Initiatives
- Sustainable Development Strategy
- Green Procurement
- Response to Parliamentary Committees and External Audits
- Evaluations and Internal Audits

Other Items of Interest

Information on ACOA's organizational structure is available on the Agency's website at <http://www.acoa-apec.ca/English/WhoWeAre/OurPeople/Pages/home.aspx>.

The following additional reports are available on ACOA's website at http://www.acoa-apec.ca/English/publications/ParliamentaryReports/Pages/PerformanceReportforthePeriodEndingMarch31_2009_other.aspx.

- Business Development Program - Repayable Contributions Portfolio
- Atlantic Canada's 2008-2009 Economic Overview and Provincial Economic Profiles
- Tourism Sector
- Results-based Management
- Client-centred Service
- Information on sub-activities of ACOA's Program Activity Architecture
 - Innovation
 - Entrepreneurship and Business Skills Development
 - Trade
 - Investment
 - Financing Continuum
 - Community Mobilization
 - Community-based Business Development
 - Community Investment
 - Infrastructure Programming
 - Policy
 - Advocacy
 - Coordination